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ELECTRIC & GAS REGULATION

November 29, 2010

VIA ELECTRONIC-DELIVERY

The Honorable Jocelyn G. Boyd
Chief Clerk & Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Petition of South Carolina Electric & Gas Company for Authorization to Defer as a Regulatory Asset the Depreciation Expense Incurred from the Operation of Certain Pollution Control Facilities and to Charge and Record Carrying Costs on the Account Balance

Docket No. 2010-365-E

Dear Ms. Boyd:

Regarding the abovementioned docket, ORS needs to correct an error in the letter dated November 5, 2010. The sentence stating "The scrubber began commercial operation on October 12, 2010 and so was **not in its rate base** under Docket 2009-489-E" should have stated "The scrubber began commercial operation on October 12, 2010 and so was **not in plant in service** under Docket 2009-489-E."

ORS apologizes for any confusion this error may have caused. Attached is a corrected version of the November 5, 2010 letter.

Sincerely,



John W. Flitter

JWF/cde

cc: Dan F. Arnett, Chief of Staff, SC ORS
Nanette S. Edwards, Chief Counsel, SC ORS
Jeffrey M. Nelson, Esquire, SC ORS
Matthew W. Gissendanner, Senior Counsel, SCE&G
Dr. James Spearman, Executive Assistant, SC PSC

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Docket No. 2010-365-E

Dear Ms. Boyd:

The purpose of this letter is to inform the Public Service Commission ("Commission") that the Office of Regulatory Staff ("ORS") has reviewed the above referenced filing. South Carolina Electric & Gas Company ("SCE&G" or "the Company") requests to defer, as a regulatory asset, depreciation expenses arising from placing into commercial operation pollution control devices, "scrubbers," at its Wateree Generating Station. SCE&G also asks to receive monthly carrying costs on the balance in the account for this deferral. The scrubber began commercial operation on October 12, 2010 and so was not in plant in service under Docket 2009-489-E. The Company estimates an annual depreciation expense of about \$12 million and proposes that monthly carrying costs be calculated based on the yield of the Three-Year U.S. Treasury Note as reported by the *Wall Street Journal* print or electronic version as of the first day of each month, plus 65 basis points. Based on this review, ORS has no objection to the proposed deferral and carrying costs.

Sincerely,



John W. Flitter

JWF/dhc

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